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SUBJECT: U/S BURNS DISCUSSES INDIAN NUCLEAR DEAL AND IRAN
SANCTIONS WITH AUSTRIANS

Classified by: Ambassador David F. Girard-diCarlo for reasons
1.4 (b) and (d).

11. (C) Summary: Austrian FM Plassnik and State Secretary Winkler told U/S Burns in Vienna July 18 that they were encouraged that Burns would attend the July 19 meeting in Geneva with Javier Solana, other members of the P-5 1, and Iran. They also said they were pleased by press reports indicating the U.S. might open an interests section in Tehran. Burns emphasized the need to advance both paths of the P-5 1 dual-track strategy including diplomacy and sanctions. He pressed the EU to adopt the hardened UNSCR 1803 package thismonth, and underscored that the USG has made no decision on an interests section in Tehran. In response, on th EU's consideration of UNSCR 1803-related measures, Winkler stressed that the GOA preferred to limit sanctions to measures related to non-proliferation. Plassnik said relations with Iran were especially important for Europe in light of Europe's dependence on Russian oil and gas. She also discussed the status of women in the Middle East.

12. (C) Summary (cont'd.) U/S Burns met the same day with Austrian State Secretary Winkler to urge support for completion of the U.S.-India Civil Nuclear Cooperation Initiative and to discuss developments on Iran. Winkler told Burns Austria would prefer delaying a governmental decision on the India initiative until after Austria,s national elections on September 28. On the August 1 IAEA Board of Governors consideration of India,s safeguards agreement, Winkler said Austria was leaning toward supporting a consensus approval but hoped Pakistan would not force a vote. It would be difficult for Austria to vote for the agreement in the run-up to elections. (Note: Winkler implied Austria might abstain if Pakistan forced the matter to a vote. End Note.) Burns noted we were pressing Pakistani leadership about their unhelpful efforts in Vienna and would continue to do so. End Summary.

GOA Hopeful for Iran Breakthrough

13. (U) Plassnik said she was pleased that Burns would take part in the July 19 talks in Geneva with Iranian chief nuclear negotiator Saeed Jalili. She said she was also encouraged by reports that the U.S. might establish an interests section in Tehran. She averred that cutting off dialogue was bad policy and would never be effective. She was hopeful for a breakthrough.

U/S Burns Emphasizes Dual Track

14. (C) Burns emphasized that the USG takes seriously both

elements of the dual track approach to Iran -- sanctions and diplomacy. His participation in the Geneva talks is a one-time only event meant to signal that the U.S. is committed to working toward a diplomatic solution. He said the EU sent Iran a strong message by announcing designations, including on Bank Melli, one week after HighRep Solana's June visit to Tehran. Now, Burns noted, the EU is considering new, tougher measures for implementing UNSCR 1803. This is an EU decision, but if the EU were to reach agreement on these measures it would strengthen the diplomatic track, he said. Burns said no decision had been made on an interests section in Tehran, though it was an "interesting idea."

¶5. (C) Winkler said Austria is a strong advocate for full implementation of all UNSCRs. However, the GOA believes that sanctions on Iran should remain focused on measures related to non-proliferation, he said. Austrian PolDir Mayr-Harting averred that if the EU sticks to UNSCR 1803, it could reach a consensus very quickly, but many EU members oppose going beyond the resolution. Winkler added that it was important that the EU, and the broader international community, be united in its approach to Iran.

Austrian FM Raises Energy Concerns

¶6. (C) Plassnik said relations with Iran were particularly important for Europe from an energy perspective. Pointing to a map of regional oil pipelines, she stressed that Europe has too few alternatives to Russian oil and gas. She said the Russians were exploiting their leverage over Europe; she recalled that when Austria assumed the EU presidency in 2006, the Russians sent a none-too-subtle message by cutting off

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gas supplis to Ukraine, which impacted Austria and the rest of Europe.

Status of Women in Middle East

¶7. (U) Plassnik said the status of women in the Middle East was a pertinent issue that affected the region's relationship with the West. The role of women in Middle Eastern societies is constrained by both religious and secular traditions, she said. Plassnik averred that Europe, and Austria in particular, could play an important role in leading a dialogue on the issue. She noted that the GOA had held a conference on women's empowerment in the Middle East in May 2007, which Secretary Rice and Senior Advisor Tahir-Kheli attended.

India Nuclear Deal

¶8. (C) In a July 17 meeting with DCM, Political Director Mayr-Harting explained that Austria's position on the initiative's NSG timeline boiled down to a hard quid-pro quo: If the United States wanted a faster-than-normal timeline, then it should be ready to accept conditions in an NSG exception. India, likewise, should be flexible in its NSG position. Burns made clear we would push for a clean exception. We were also prepared to engage NSG partners in a serious and high-level debate on condition questions. We felt our partners needed to seize on the window of opportunity we had been presented to welcome India into the global nonproliferation mainstream. Our partners should consider all matters related to the initiative in the broader context of their future relationships with India, as well.

¶9. (C) Mayr-Harting stressed that India's "take it or leave it" attitude toward the safeguards agreement and the NSG exception was not helpful. The Indians seem to feel that they made difficult concessions while negotiating the Initiative with the U.S., and were now unwilling to give any more ground. The NSG is not a "rubber stamp;" its members

need to have a substantive discussion, and might well add new conditions. In fact, Mayr-Harting said, the U.S. Congress had enshrined in the Hyde Act several conditions that the NSG might revisit, along with new ideas as well. Austria's political situation, Mayr-Harding concluded, demanded that the government show that it had "added something" to the agreement that would advance non-proliferation worldwide.

Girard-diCarlo